



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

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Contact: Greg Bird, State Budget Office
517-373-7560
Liz Boyd, Governor's Office
517-335-6397

Budget Deal Reached To Eliminate Budget Deficit

LANSING – Governor Jennifer M. Granholm, Senate Majority Leader Ken Sikkema, and Speaker of the House Rick Johnson today announced that they have reached an agreement to eliminate a \$920 million deficit in the 2004 fiscal year budget.

“This bipartisan deal is a fair compromise that will allow us to minimize the cuts to education and the social safety net while allowing businesses to provide health care to their employees at a lower cost,” said Granholm. “This is a victory for the families of this state who depend on the essential services that are preserved within this deal. I applaud the Legislature for their willingness to protect the priorities of Michigan’s citizens.”

Terms of the agreement include a six-month pause in the income tax rollback with the money to be used to offset the shortfalls in the School Aid Fund, payments to local units of government, and institutions of higher learning. Also included in the deal is an additional \$12 million in administrative cuts to state government spending as well as a four-year phase-in of the health care tax deduction for businesses.

“This agreement preserves the income tax cut scheduled for next year, balances our budget while protecting essential services, and reduces a tax burden on businesses that has penalized them for offering health insurance,” said Sikkema (R-Wyoming). “This is a fair compromise that really is a good deal for the people of Michigan. I applaud the governor and the House of Representatives for working with us to break the logjam. This is a good compromise that shows give and take by all parties involved. With this short-term problem now out of the way, we’ll be able to stay focused on long-term solutions for revving up Michigan’s economy and creating jobs.”

“I am very pleased that after a lot of hard work and negotiations, we have reached a bipartisan plan to balance the budget for this year,” said Johnson (R-LeRoy). “The plan protects schools, makes health care insurance more affordable and accessible for workers, and prepares our state for additional budget choices that will be needed to balance next year’s budget. It represents a job well done by all sides.”

(more)

“I am very proud of the members in my caucus for their efforts during this critical budget negotiation,” said Senate Democratic Leader Bob Emerson (D-Flint). “They understood from the beginning that pausing the income tax rollback would help protect quality education for Michigan’s children and protect our state’s most vulnerable citizens from crippling cuts.”

“Today, we balanced the budget in a way that is fiscally responsible and protects schools, health care, and seniors,” said House Democratic Leader Dianne Byrum (D-Onondaga). “It took courage. It took vision. I applaud the Governor, the Senate, House Democrats and the members of the House Republican Caucus who decided to support this important plan for Michigan’s citizens.”

The House and Senate will take action on the supplemental appropriations bills (House Bill 4367 and Senate Bill 556) and legislation to temporarily pause the income tax rollback (Senate Bill 852) later today.

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